



Y-EMEA

# COMPETITION LAW POLICY



## FOREWORD BY THE Y-EMEA MANAGEMENT BOARD

DEAR COLLEAGUES,

Yazaki stands for competence, innovation, continuity and quality. Our ambition is to be a “corporation needed by society”, i.e., a trusted supplier of traditional and innovative automotive solutions, which will enable better mobility and connectivity. Yazaki is the preferred partner because of the quality of our products and services and our impeccable reputation on the market.

Following involvement in a wire harness cartel more than 15 years ago, we are permanently committed to conducting our business activities in full compliance with applicable Competition Law, honestly and openly. In line with our corporate values, our business conduct is based on respect, trust and integrity. Consequently, we do not tolerate any form of Competition Law Violations. Competition Law Compliance is a priority not only because it protects us from Violations which undermine Yazaki’s credibility and could lead to high fines and reputational damages. It is our firm belief that (1) Compliance is essential to bring our Y-EMEA strategy and values to life and (2) our economic success can only be achieved in an environment that ensures fair competition and market conditions.

**We expect you to read, understand and follow this Y-EMEA Competition Law Policy**, which contains binding rules for behaviour by Y-EMEA employees, practical advice and examples. If you find yourself in a difficult situation, please speak up and seek advice. Turning a blind eye can never be the right solution.

We, your YEMEA Management Board, thank you for making the right decisions every day and for acting in line with this Policy.

Thank you for your support,

**Nobuyuki Yamamoto**

*Chairman*

Y-EMEA

**Hans Lemmens**

*CEO*

Y-EMEA

**Ergün Tan**

*CFO*

Y-EMEA

**Andreas di Vece**

*President EDS Business Division*

Y-EMEA

**Jeroen Deen**

*President ECS Business Division*

Y-EMEA

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## 1 PURPOSE

In accordance with the Fundamental Management Policy, the Y-EMEA Code of Conduct and Y-EMEA Regional Compliance Policy, Y-EMEA is committed to uphold the law and to conduct business openly and fairly in all countries in which Y-EMEA performs or will perform business activities. As part of these principles and in order to meet our Yazaki Corporate Values *Service Mind, Fortitude* and *Foresight*, adherence to Competition Law rules is essential for maintaining the trust of Y-EMEA's stakeholders and business partners. Based on the conducted risk assessments, the purpose of this Competition Law Policy (hereafter "Policy") is to prevent infringements of Competition Law by raising employee awareness of Competition Law risks in daily business and to define the rules for the expected behaviour with which Competition Law Compliance shall be ensured.

This Policy follows internationally accepted standards and good practices based on applicable laws and regulations with the intent to contribute to Y-EMEA's effort to implement a solid Competition Law Program.

This Policy is based on the principle of **zero tolerance for Competition Law infringements**. Therefore, violations of this Policy will not be tolerated and will be subject to adequate consequences, including, but not limited to, employment related sanctions.

## 2 SCOPE

This Policy is applicable to and binding on all Y-EMEA Entities and their Employees.

Although third parties are not directly bound by this Policy, Y-EMEA is committed to engaging only with those third parties who embrace the same lawful behaviour and ethical standards, which are laid down in the Business Partner Code of Conduct.

The Policy prohibits any breach of Competition Law and defines binding compliance provisions, including:

- (1) Rules and guidance for contacts with competitors;
- (2) Competition Law requirements for vertical agreements with business partners;
- (3) Competition Law requirements for internal co-operation between the EDS Business Division, the ECS Business Division and the Central Functions;
- (4) Rules in relation to the prohibition to abuse a Dominant Market Position, and
- (5) Guidance in relation to mergers and acquisitions and joint ventures.

## 3 TERMS & DEFINITIONS

### 3.1 "BID-RIGGING"

refers to a collusive agreement between participants in a public tender aiming at manipulating the outcome of the tender. This may, for instance, include the agreement on who should win the tender by having other participants placing fake-bids, or an agreement on minimum prices offered in the tender.

### 3.2 “BUSINESS PARTNERS”

means existing or potential (i) customers, (ii) vendors and suppliers of services or goods (including sub-contractors); (iii) resellers; distributors; and (iv) any other companies and individuals who perform services for or on behalf of Y-EMEA (e.g., agents and other third-party intermediaries) both in the context of a single transaction or of a continuous relationship.

### 3.3 “COMPANY”

means any Y-EMEA Entity.

### 3.4 “COMPETITION AUTHORITY”

refers to any national or supranational authority (e.g. the European Commission), which is responsible for the enforcement of Competition Law regulations.

### 3.5 “COMPETITION LAWS”

means the laws by which the competent authorities (e.g. national competition authorities and the European Commission) can monitor and sanction business conduct (e.g. fines, imprisonment, professional bans). Competition Law infringements subject to sanctions include, in particular:

- (1) Anti-competitive agreements and concerted practices between competitors (“horizontal restraints”);
- (2) Restraints in competition in agreements between companies or individuals at different levels of the supply chain (“vertical restraints”);
- (3) The abuse of a Dominant Position in a relevant market; and
- (4) Infringement of obligations in relation to the notification of mergers and acquisitions or the incorporation of a joint venture to the competent authority/authorities where the applicable notification thresholds are met.

### 3.6 “COMPETITOR”

means undertakings (even customers or suppliers), which conduct business on the same markets as Yazaki Group. This is not limited to actual Competitors. It also includes potential Competitors. A potential Competitor is an undertaking which is not currently active in the same markets as Yazaki Group but could enter the market without significant additional investments or risks within a short period of time.

### 3.7 “CONCERTED PRACTICE”

means a situation in which Competitors, without reaching a formal agreement, knowingly substitute competition with cooperation between them.

### 3.8 “DAWN RAID”

means the unannounced inspection of Y-EMEA premises and assets (e.g. company cars, mobile phones, computers etc.) and/or private premises, which is conducted by public authorities (e.g. competition authorities, public prosecutors and police) in relation to suspected infringements of law by Y-EMEA.

### 3.9 “DOMINANT MARKET POSITION”

means a situation where the economic power of a company or group of companies allows it to prevent effective competition in the relevant market due to its ability to act independently of its Competitors, customers and ultimately of its consumers. While various aspects are to be

considered in the legal assessment, a Dominant Market Position is usually indicated if a company has a market share of at least 30 %. If the market share is above 40 %, a Dominant Market Position is highly likely.

### 3.10 “EMPLOYEE”

means a worker, an office worker or another person who is employed by any Y-EMEA Entity, regardless of the nature of the work, the manner of pay and the source of the funding, including volunteers, interns, temporary workers and agency workers, line and shift leaders, managers and supervisors, members of the management or supervisory bodies, etc.

### 3.11 “FRAND”

means “Fair, Reasonable And Non-Discriminatory”, a term that is typically used in patent licensing. It describes the terms under which a patent holder, especially when a patent is crucial to a standard, agrees to license their technology to others.

### 3.12 “GENTLEMEN’S AGREEMENT”

means an informal and legally non-binding agreement between two or more parties. It is typically oral, but it may be written or simply understood as part of an unspoken agreement (implicit activities). While not legally binding, it is typically morally binding and relies upon the honour of the parties.

### 3.13 “HARDCORE RESTRAINTS”

means activities that by their very nature have the potential of restricting competition (“restriction of competition by object”). In any case, this applies to Price Fixing and Market Allocation but can also apply to Information Exchange if it concerns prices or price-related factors.

### 3.14 “HORIZONTAL AGREEMENT”

means an Agreement or Concerted Practice between two or more Competitors in the same market which restricts competition.

### 3.15 “HUB-AND-SPOKE AGREEMENT”

means an indirect way of coordination or anti-competitive communication among competitors (the “spokes”) by using a third party (the “hub”). The third party could be another market player (e.g. a common customer), an independent facilitator (e.g. a common advisor or agency), or even an online platform or artificial intelligence algorithm.

### 3.16 “IMPLIED ACTIONS”

means a behaviour that, based on a basic understanding amongst two or more parties, is understood as consent (to anti-competitive activities) with no need for additional express agreement or exchange (e.g. price increase within a certain timeframe after raw material cost increase).

### 3.17 “INDUSTRY ASSOCIATION”

means an organization founded and funded by companies that operate in a specific industry. Through collaboration between companies within a sector, an Industry Association or Trade Association participates in public relations activities such as advertising, education, publishing and, especially, lobbying and political action.

### 3.18 “INFORMATION EXCHANGE”

means the exchange of information relevant for competition. Information is relevant for competition, if it concerns commercially sensitive or strategic information. This includes, amongst others, information on (1) prices and pricing components (production/supply costs etc.), (2) contract terms, (3) customers and suppliers, (4) market shares and (5) market strategy. Information Exchange can occur externally (with third parties) and internally (within Yazaki Group).

### 3.19 “MERGERS & ACQUISITIONS”/“M&A”

means business transactions in which the ownership of companies, business organizations, or their operating units are transferred to or consolidated with another company or business organization.

### 3.20 “MERGER CONTROL”

refers to the procedure of reviewing Mergers & Acquisitions under Antitrust / Competition Law by Competition Law Authorities.

### 3.21 “NCA”

refers to National Competition Authority and means the National authority in a given country, which is responsible for enforcing Competition Law.

### 3.22 “POLICY”

means this Y-EMEA Competition Law Policy.

### 3.23 “PRICE FIXING”

means to fix, raise, lower or stabilize selling or purchasing prices, or fix other price relevant terms (including, but not limited to, pricing formulae, price components, discounts, rebates, margins, commissions, personnel cost and credit terms).

### 3.24 “VERTICAL AGREEMENT”

means an agreement or concerted practice between undertakings operating at different levels of the supply chain (e.g. a manufacturer and a reseller of products).

### 3.25 “VIOLATIONS”

within the scope of this Policy means the act of breaking or the failure to comply with Competition Law obligations, internal Policies or rules by Y-EMEA Members or Business Partners. For the avoidance of doubt, a Violation by a Business Partner is limited to such acts which can or did have an effect on a Y-EMEA Entity and/or Y-EMEA Member.

### 3.26 “YAZAKI GROUP”

means Yazaki Corporation (“YC”) and the entities directly or indirectly controlled by YC. In case of a joint venture entity, any agreement made between the relevant Yazaki Entity and the joint venture counterpart entity (e.g. joint venture agreement) must be respected.

### 3.27 “Y-EMEA”/“YAZAKI”

means Yazaki Europe Middle East Africa NV and the entities and branches within its management scope. Any reference to Y-EMEA/Yazaki in this Policy is a reference to any and all of Y-EMEA entities and branches.

### 3.28 “Y-EMEA ENTITY”

means any and all entities and branches within the management scope of Yazaki Europe Middle East Africa NV.

### 3.29 “YEMEA MANAGEMENT BOARD”

means the members of the Management Board as defined in Art 7.3 of the Y-EMEA Articles of Association as of 24 October 2024.

### 3.30 “Y-EMEA MEMBER”

means the Top Management, middle management and all employees of Y-EMEA.

### 3.31 “YEMEA NV”

means Yazaki Europe Middle East Africa NV.

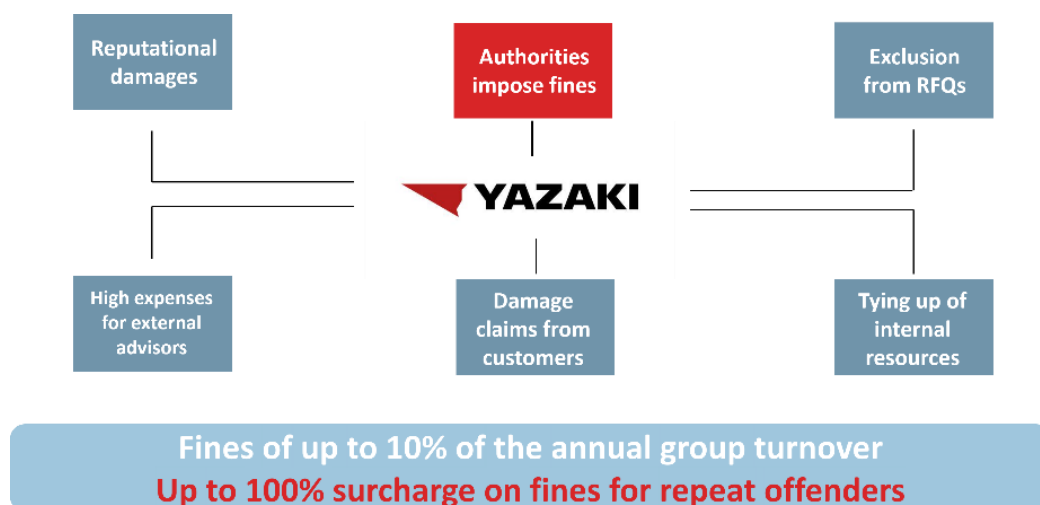
## 4 THE RISKS – POTENTIAL CONSEQUENCES OF VIOLATIONS

Violations of Competition Law may result in serious penalties for the Company as well as for individuals, who are either in a management position or directly involved in infringements.

Regarding the **Company**, Competition Authorities may impose fines of up to 10% of the consolidated annual group turnover, which would in Yazaki’s case refer to the entire Yazaki Group worldwide turnover. For repeat offenders, and Yazaki has been involved in cartel infringements in the past, a 100% surcharge of the fines is possible.

In addition to administrative fines, further severe consequences result from infringements of Competition Law. Besides reputational damages and negative press, customers might decide to exclude Yazaki from future RFQs. The investigations, internal and external, of anti-competitive activities requires massive personnel and financial resources. On top of this, customers usually try to claim damages from the cartelists. With the law having been constantly developed in recent years, damage claims have become a very successful tool. In most cases, the claims for damages are many times higher than the fines imposed by the Competition Authorities since they are not capped. Thus, **the financial risks resulting from Violations are unpredictable.**

#### Potential consequences for the Company:



Not only companies, but also **individuals** are facing risks with regard to Competition Law infringements. Employees in a management position can be **personally fined** by Competition

Authorities. This does not only apply to the top management level, but also to secondary, third and lower level management positions, depending on respective responsibilities. For instance, in Germany, the Federal Cartel Office can impose fines on individuals of up to EUR 1 million. In some countries, violations of Competition Law are a criminal offence and can be sanctioned with high financial penalties or imprisonment. At least bid-rigging in relation to public procurement is a criminal offence in most Y-EMEA countries, including Belgium, Czech Republic, Egypt, France, Germany, Italy, Morocco, Portugal, Turkey, Ukraine. In addition, certain jurisdictions allow professional bans for management members involved in a cartel.

Employees who have been directly involved in Violations, e.g. as participants of cartel meetings, may face severe employment law sanctions and reputational damages regarding their future career. The company may also try to claim back its own damages from those employees.

**Potential consequences for individuals:**



**5 THE IDEA BEHIND COMPETITION LAW**

The cornerstone of Competition Law is that Competitors must **compete independently** from each other.

True competition requires uncertainty among competitors about each others' business strategies.

That means, in particular, that companies have to determine independently

- the business policy and strategy they intend to adopt and implement in the market, and
- conditions which they are currently applying or intend to offer to their customers.

Therefore, any contact with competitors that potentially limits such independence, may constitute an infringement of Competition Law. This includes, in particular:



### Horizontal Restraints

Anti-competitive agreements or concerted practice, including the exchange of competitively/commercially sensitive information, between competitors.



### Vertical Restraints

Restraints of competition in agreements between companies or individuals at different levels of the supply chain.



### Abuse of Market Power

The abuse of a dominant position in a relevant market in relation to business partners and/or competitors.

**All Agreements and Concerted Practices leading to, causing or having as their object or effect a limitation, restriction, or falsification of competition, are prohibited.**

This includes not only express written or oral agreements. Implied actions or so-called Gentlemen's Agreements, or even one-sided activities may also violate Competition Law.

Violations of Competition Law may occur intentionally or unintentionally. The intention or the awareness to violate Competition Law is not a precondition for an infringement of Competition Law. **Ignorance of Competition Law rules is no justification!**

Violations of Competition Law do not require the implementation of an Agreement or Concerted Practice. It is also not required that an Agreement or Concerted Practice is "successful" in terms of its anti-competitive effects. **Making an attempt is sufficient for an infringement of Competition Law.**

## 6 CONTACTS WITH COMPETITORS – HORIZONTAL RESTRAINTS

Horizontal Restraints mean all restrictions in relation to direct or potential Competitors. This does not in any case require a **direct contact** between Competitors. Horizontal restrictions of competition might also be committed **indirectly**, either using intermediaries, e.g. consultants or business partners, or via a professional organization, which might function as a platform for exchange between competitors. Also company-internal information exchange can result in Horizontal Restraints if, in a vertically integrated company like Yazaki, commercially sensitive information from competitors is not adequately protected.

Horizontal Restraints can be sub-divided into

- Hardcore Restraints, in particular Price Fixing and Market Allocation
- Information Exchange
- Other Restraints

## 6.1 PRICE FIXING

Price Fixing is the most prominent Violation of Competition Law. It is also one of the most severe violations as it is always regarded as “restriction by object” (i.e. subject to fines whether or not there is an actual change in prices).

Price Fixing does not solely refer to the actual sales price of a given product. It includes all price parameters such as, e.g.



### **Example case 1 – Industry standard surcharge**



*During a meeting of CLEPA you are attending, the topic of increasing costs for material and logistics is being discussed. In the lunch break, you are sitting together with representatives from other automotive suppliers. One participant suggests introducing a common “Risk and Logistics Surcharge” to be charged to the OEMs. Most participants in the group are of the opinion that such agreement is not critical from a Competition Law standpoint if it is set as an “industry standard”.*

The agreement on a common surcharge between Competitors would constitute prohibited price fixing and as such be a serious violation of Competition Law. It would be an agreement between Competitors aimed at restricting or at least limiting competition between the suppliers, because one price parameter would be equalized instead of being subject to negotiation with customers (as an element of competition). The idea to set that as an “industry standard”, even with support of an industry association like CLEPA, is no justification.

A rather new development is the risk of anti-competitive collusion via **digital platforms or artificial intelligence (“AI”) tools**. In terms of functionality, it can be distinguished between pricing algorithms that monitor other companies’ prices (price monitoring algorithms), those that recommend or automatically set a price based on other companies’ prices and/or market conditions such as demand (dynamic pricing algorithms), and those that tailor prices to specific individuals based on their features (personalized pricing algorithms). The main concern raised by pricing algorithms and related digital platforms is the potential ability to facilitate coordinated conduct, resulting in higher prices. Algorithmic pricing may also be used to support collusive agreements entered into by companies active on different levels of the supply chain, for example to monitor retailers’ alignment with prices dictated by suppliers in a vertical

relationship. In the second place, algorithms can be a catalyst in hub-and-spoke settings. For example, if several firms use the same third-party pricing software to determine their prices, this may result in a so-called hub-and-spoke situation that can facilitate information exchanges in the context of an agreement or concerted practice.

**If the use of price-related AI tools is considered in Y-EMEA, please seek advice from Corporate Compliance**

 +49 221 292 880 70
 [compliance@yazaki-europe.com](mailto:compliance@yazaki-europe.com)

## 6.2 MARKET ALLOCATION

Besides price fixing, another so-called „hardcore restriction“ is market allocation, which refers to any agreement or concerted practice of one or more companies regarding the division of a given market they are active on.

Examples of prohibited market allocation are:

- 
**Allocation of Regions**

*“I won’t do business in the US if you stay out of Europe”*
- 
**Allocation of Products**

*“I will focus on product A and stop selling product B. You will do so vice versa.”*
- 
**Allocation of Customers**

*“Ford is my customer. If you stop approaching Ford, I will leave VW for you.”*
- 
**Allocation of Employees**

*“I won’t try to poach your employees if you keep your hands off mine.”*
- 
**Collusive tendering/bid rigging**

*“I will place a well too expensive quote in the Stellantis RfQ, so you will win that one. Please, do the same for me in the upcoming Ford RfQ.”*

Market allocation restricts competition, because companies intentionally limit their abilities or their capacities to increase prices, gain more profit or secure their respective market position. Usually, companies agree to sacrifice one part of their business, be it a region, a product line, a (potential) customer etc., and leave it to a competitor, in order to secure or increase prices or market share in another part of their business. When companies do not fully utilize their abilities of competitiveness, customers won’t receive the best offer that would have been available without market allocation, thus competition is restricted.

### **Example Case 2 – The Incumbent Principle**

*Due to decreasing demand from end-customers, all wire harness suppliers are suffering from low orders from OEMs. To stabilize the market, different wire harness suppliers agree on an “incumbent principle”. This means, every supplier shall as best as possible secure the current customer relationships and competitors won’t challenge each other in upcoming RfQs. It is agreed that in upcoming RfQs, competitors will place fake bids (either too high or invalid) so that the incumbent will win.*

This practice is a prohibited allocation of customers by means of bid-rigging. The RfQs are manipulated in order to secure the current supplier’s position. This is a restriction of competition by object, because the clear intention is to suppress competitive bids to the detriment of customers. Such practices have been one of the Violations determined in the Wire Harness Cartel, which had been fined in 2013 by Competition Authorities in Europe, the United States, Australia, Brazil and Asia. For Yazaki, the total financial impact amounted to ~USD 1.5 billion (plus legal fees).

### 6.3 FURTHER HORIZONTAL RESTRAINTS

Apart from price fixing, market allocation and information exchange (see below 6.4), the following horizontal restraints of Competition Law are **equally prohibited**:



#### Procurement cartels

Agreements or concerted practice between buyers of certain products that restrict competition on the procurement market



#### Collusive restriction of capacities

Artificial and collusive shortage of goods/services (output limitation) in order to increase prices or profit



#### Collusive boycott

Agreement/collective understanding of refusing business with certain suppliers, customers or other business partners



#### Coordinated responses to requests by customers

Collusive reactions to customers' requests, e.g. for price reductions, change of contract conditions etc.

### 6.4 EXCHANGE OF COMPETITELY SENSITIVE INFORMATION

#### 6.4.1 Information exchange with Competitors

Competition law prohibits the **exchange of strategic and competitively sensitive information ("CSI") between competitors.**

Information is regarded as strategic/competitively sensitive if it (1) reduces strategic uncertainty in the market, (2) results in the reduction of the independence of competitors' conduct in the market, (3) diminishes the incentives to compete and/or (4) facilitates a collusive outcome on the market.

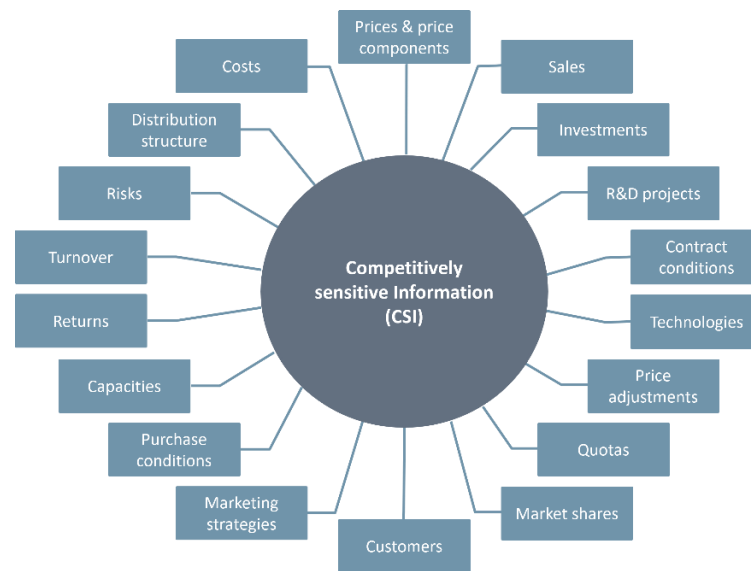
#### Rule of Thumb for CSI

Any information that is classified as a trade secret and/or is usually not intended for the public ("What the competitors should not know")

The Competition Authorities' practice regarding the illegal exchange of information has become stricter in recent years. For an exchange of information to be regarded as prohibited under Competition Law, it is sufficient that the respective information is **(1) confidential** and **(2) strategic**. In this regard,

- **confidential** means any information not already known to the public (or at least to the economic operators active on the relevant market);
- **strategic** information must be understood as information that not only as such, but also when combined with other information that is already known to the participants of an exchange, may reveal a company's business strategy or parameters thereof.

The following overview shows which kind of information may, depending on the circumstances, be regarded as strategic/competitively sensitive:



No direct exchange between competitors is required. An exchange of CSI might be reciprocal as well as unilateral or **indirect through third parties**. Indirect exchange of CSI may occur in various forms and situations, e.g. through

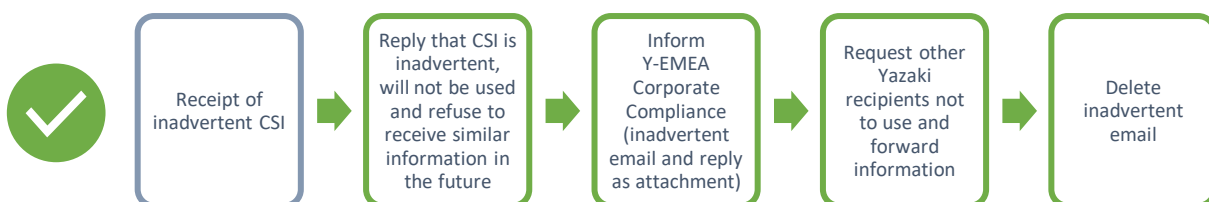
- An industry association or common agency in course of events/meetings or in publications
- A market research organization
- The parties' suppliers or customers
- A facilitator who himself is not active on the market concerned, but who organizes or supports the exchange of information between companies (e.g. a consulting agency)
- Other third parties



Even the **passive acceptance** of CSI **can constitute a Violation** of Competition Law ("**unilateral information exchange**"). Irrespective of whether this acceptance was intentional or unintentional. For Competition Authorities, any CSI, irrespective of the way it has been received, is deemed to be used by the recipient.

**An acceptance is assumed in all cases in which there is no clear statement from the receiving party that it does not wish to receive the information.**

The following chart summarizes the **correct steps** you should take when receiving CSI, either from competitors or through third parties:



**Example Case 3 – Inadvertent email**

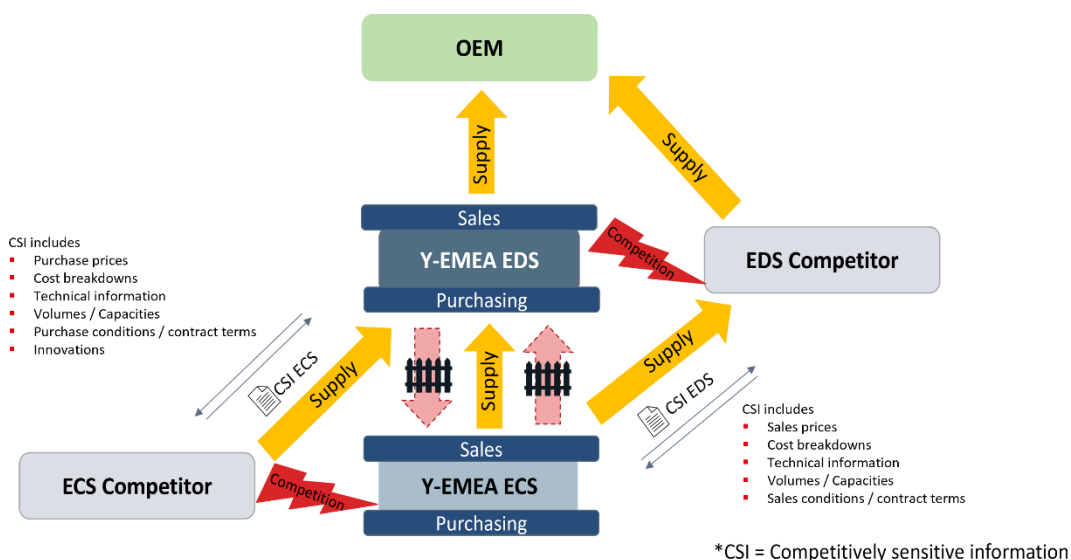
Tom is working as a Sales Manager at Y-EMEA. All of a sudden, he receives an email from a former colleague who is now working for Competitor A. The subject line of the email simply says “Please, send me yours, too”. The email contains a screenshot showing details of Competitor A’s quote in an ongoing RfQ from Customer B.

This email, although it was received inadvertently, must be regarded as an infringement of Competition Law. The sender provides confidential and strategic information to a competitor. To avoid the suspicion that this information is used by Yazaki, Tom has to actively reject such communication. He must reply to the sender that he refuses to receive the information, it has been sent to him inadvertently and he wishes not to receive any such sensitive information in the future. Tom must also inform Y-EMEA Corporate Compliance about the email and his reply in order to have it documented as evidence in case of a potential investigation by a Competition Authority. When informing Y-EMEA Corporate Compliance, Tom has to forward the original email and his reply as an attachment. Once Tom has completed the required steps, he has to delete the received email and inform any other colleagues who may have also received it.

**6.4.2 Internal information exchange**

**6.4.2.1 General approach – Internal safeguards to be respected**

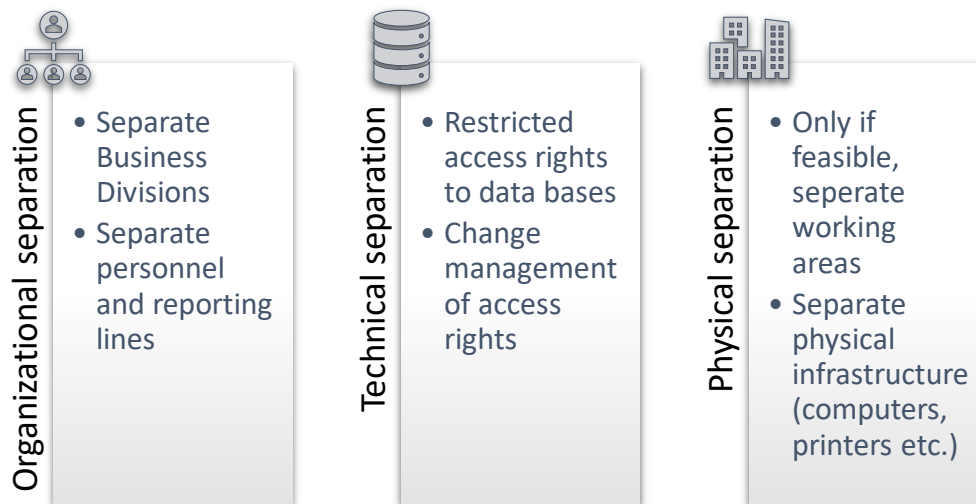
Even company-internal exchange of information may result in a violation of Competition Law. As a **vertically integrated company**, Yazaki is active on different levels of the supply chain. While the EDS Business Division is a Tier 1 supplier to OEMs, the ECS Business Division is mainly focusing on Tier 2 supplies to OEMs, as well as supplies to Non-Traditional OEMs and Non-Automotive customers (Kiden [CCS]). That means, external business partners (customers, suppliers) of one Business Division may at the same time be competitors of the respective other Business Division, as the following picture shows:






Vertically integrated companies are required to make sure that competitively sensitive information (“CSI”), which is received by either Business Division from their respective Business Partners is secured. In this regard, CSI means the following:









- Strategic information that the EDS Business Division, in the course of day-to-day business, legitimately receives from external suppliers who are competitors of the ECS Business Division is competitively sensitive in relation to ECS;
- Strategic information that the ECS Business Division, in the course of day-to-day business, legitimately receives from external customers who are competitors of the EDS Business Division is competitively sensitive in relation to EDS.

To avoid critical internal information exchange, separational safeguards need to be implemented.





In detail, the following rules apply in relation to co-operation between EDS and ECS Business Division:

- |   |  |  |
|---|--|--|
|  | <b>1 No exchange of external Business Partners' CSI between EDS and ECS Business Divisions</b> | Do not forward external Business Partners' CSI (purchasing prices, sales prices, costs, innovations, specific sales conditions, volumes, planned projects etc.) to colleagues of the Business Division, which is in competition with the respective external Business Partners: <ul style="list-style-type: none"> <li>▪ No direct forwarding via email, mail or verbally.</li> <li>▪ No indirect forwarding by granting access to databases, SharePoints, Teams folders etc.</li> </ul> |
|  | <b>2 No request of competitors' CSI</b>  | Do not request colleagues from the respective other Business Division to provide CSI concerning your competitors (prices, volumes, costs, specific conditions, planned projects, innovations etc.).  |
|  | <b>3 Careful handling of CSI</b>   | Be careful when handling CSI: <ul style="list-style-type: none"> <li>▪ Double-check the list of recipients and remove people from the respective other Business Division when sending CSI via email or Teams.</li> <li>▪ Use the "secure printing" option when printing out documents that contain CSI.</li> <li>▪ Make sure hardcopies and electronic devices (hard drives, USB sticks etc.) that contain CSI, are stored safely, e.g. in lockable drawers/cabinets.</li> </ul>         |

	<b>4 No use of inadvertently received CSI</b>	<p>Do not use or pass on inadvertently CSI received from the respective other Business Division</p> <ul style="list-style-type: none"> <li>▪ Object to the receipt of this CSI.</li> <li>▪ Inform Corporate Compliance via email with attaching the inadvertent email.</li> <li>▪ Delete the inadvertent email only after having notified and provided related email to Corporate Compliance.</li> <li>▪ Inform potential other recipients from your Business Division not to use and forward the information.</li> </ul>
	<b>5 Secured access to electronic CSI</b>	<p>Make sure access to external Business Partners' CSI is secured</p> <ul style="list-style-type: none"> <li>▪ Password-protected access</li> <li>▪ Firewall protection</li> <li>▪ Requests for access managed by designated people (granted on a need-to-know basis only)</li> </ul>
	<b>6 Limitation of data requests</b>	<p>Do not request access to CSI concerning competitors which is stored in a central Data Centre / Data Lake</p>
	<b>7 No reporting to respective other Business Division</b>	<p>Make sure no reporting lines or supervisory functions exist between EDS and ECS, which would require the exchange of CSI.</p>
	<b>8 Secure setup of Project Teams</b>	<p>Make sure the safeguards 1-5 are applied also within Y-EMEA Project Teams that include staff from both EDS and ECS.</p>
	<b>9 No joint meetings with external Business Partners</b>	<p>Avoid joint meetings of EDS and ECS personnel with external Business Partners (customers/suppliers); do not involve colleagues from the respective other Business Division when negotiating commercial topics with external Business Partners.</p> <ul style="list-style-type: none"> <li>▪ Apart from meetings, also do not copy colleagues from the respective other Business Division in emails with external Business Partners</li> </ul>
	<b>10 Confidentiality agreement</b>	<p>For Y-EMEA Projects that involve competitors (e.g. joint development projects, supply agreements for particular OEM projects), have all Y-EMEA Project Team members sign a confidentiality agreement.</p> <p>➔ Template available at Y-EMEA Compliance</p>
	<b>11 Change between Divisions</b>	<p>In case people, who had access to CSI, change to the respective other Business Division,</p> <ul style="list-style-type: none"> <li>▪ Let them sign a confidentiality agreement.</li> <li>▪ Remove their access to CSI-related EDS data bases, SharePoints, Teams folders etc.</li> <li>▪ Have them return keys for drawers/cabinets that contain hardcopies of CSI.</li> </ul>

**In case of uncertainty, always ask Y-EMEA Corporate Compliance**

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 [compliance@yazaki-europe.com](mailto:compliance@yazaki-europe.com)

Exceptional internal exchange of CSI is subject to prior alignment with Corporate Compliance or processes that have been approved by Corporate Compliance.

#### 6.4.2.2 Vertical Integration

For some purposes, however, it is necessary to assess and evaluate external suppliers' prices to enhance Yazaki's competitiveness. The Vertical Integration initiative aims at increasing the share of Yazaki components in our wire harnesses. This requires an internal assessment as to which components that are currently purchased from external suppliers, can be replaced by Yazaki ECS components. Pursuing Vertical Integration and conducting related

analysis as such is not a Violation but requires implementation of Competition Law Compliance safeguards.

The general rule is that a direct internal exchange of prices, technical information or other CSI of competitors of the respective EDS and ECS Divisions is prohibited under Competition Law. To ensure Compliance, **Costing & Pricing**, being a Central Function that is as such not involved in sales and purchasing operations, is functioning as a “clearing office”. Based on the recommendations from EDS Value Creation regarding replaceable components, as well as a technical feasibility check conducted by the ECS Business Division, Costing & Pricing is doing the necessary assessments and calculations of the vertical margin. ECS Sales receives a neutral target price, i.e. the lowest purchase price from a technical compatible part that can be bought from external suppliers, and the required volumes. However, ECS Sales must not receive competitively sensitive information like names and prices of the current external supplier(s) of the respective component, nor any other commercially relevant data (e.g. part numbers) which allows to trace back the target price to a certain supplier. A process for managing Vertical Integration is currently being developed and will be available in the EOS system soon.

Specific **Competition Law Guidelines for Vertical Integration** are available.

Please contact Y-EMEA Corporate Compliance

 +49 221 292 880 70

 [compliance@yazaki-europe.com](mailto:compliance@yazaki-europe.com)

#### 6.4.3 Admissible information exchange

The exchange of information with competitors is admissible only in the following cases:



##### Historic Information

Strategic information that is **older than one year** and has no practical relevance for the current business any longer, is not deemed as competitively sensitive and can thus be exchanged.



##### Public information

Information is considered public if it is in terms of costs of access equally accessible to all competitors and customers. However, even if this is the case, it is recommended not to exchange price related information.





##### Aggregated information

Strategic information is sufficiently aggregated if the information cannot easily be attributed to a specific company and/or does not allow for any recognition of individualized company level information.



##### Benchmarking

Under specific conditions, information may be shared as part of a benchmarking exercise, i.e. in order to become more efficient based on market standards. However, such benchmarking exercises, if they concern strategic information, should only be conducted by a neutral and independent service provider and should include a minimum of five companies to allow for a sufficient level of aggregation.

In case of uncertainty or questions, always ask Y-EMEA Corporate Compliance  
 +49 221 292 880 70       [compliance@yazaki-europe.com](mailto:compliance@yazaki-europe.com)

## 6.5 INDUSTRY ASSOCIATIONS, CONFERENCES, EVENTS

### 6.5.1 Expected behaviour

Industry Association meetings, conferences with competitors present and similar events are risky from a Competition Law point of view, because competitors might be tempted to share competitively sensitive/strategic information or even coordinate their behaviour towards business partners in a way that violates Competition Law.

When meeting with competitors, Yazaki employees are expected to comply with the following instructions.



These instructions apply regardless of whether the meeting is **planned or spontaneous** and regardless of whether the setting is **formal** (e.g. official trade association meeting) **or informal** (e.g. break during an official meeting, chance meet on a plane or in a bar).

When attending industry association meetings, always keep in mind, that such organizations must not be used as a platform for unlawful contacts between competitors and that also the tasks and activities of the associations as such are limited by the rules of Competition Law.

Industry Associations		
Topic	Permissible tasks	Critical activities
<b>Lobbying</b>	Promotion and representation of collective interests of its members	<ul style="list-style-type: none"> <li>▪ No agreement on joint commercial terms</li> <li>▪ No dictate of commercial behaviour</li> <li>▪ No exercise of undue influence on public authorities</li> <li>▪ No calls for boycott or spreading of menacing messages towards suppliers or customers</li> </ul>
<b>Standards</b>	Design of fair, reasonable and non-discriminatory standards (technical norms, best practices)	No design of useless, unfair or biased standards
<b>Benchmarking</b>	Collection and evaluation of commercial or technical data, which is appropriately processed and presented to members in a centralized and aggregated format only	<ul style="list-style-type: none"> <li>▪ No provision of current, unaggregated competitively sensitive information</li> <li>▪ No negotiation of commercial conditions on behalf of members</li> </ul>

**Example Case 4 – Association tasks**

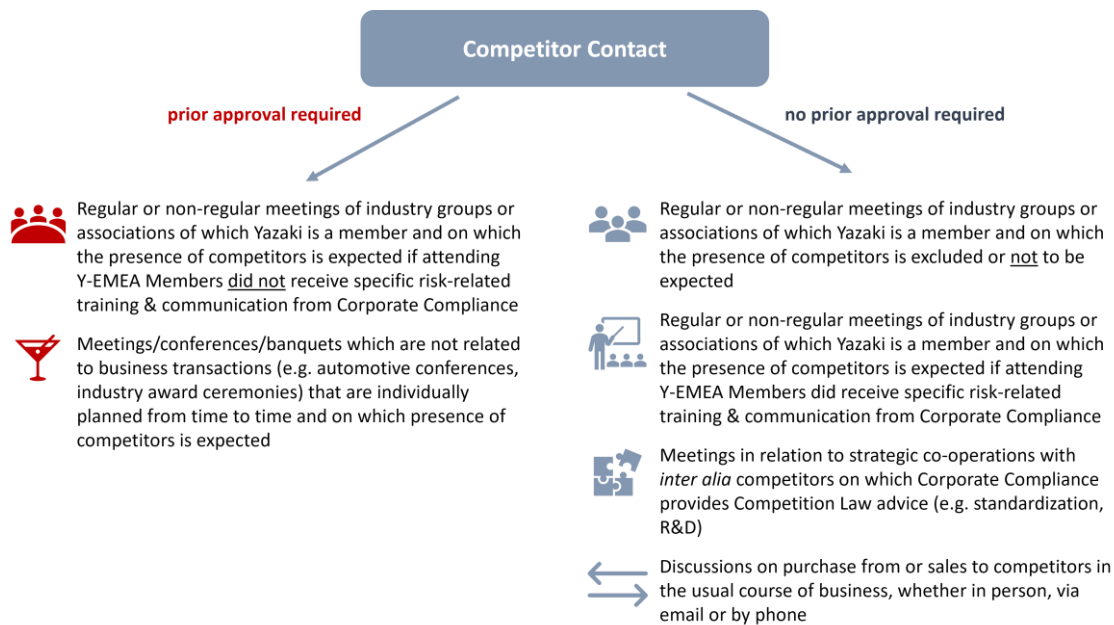
*In an automotive supplier industry association, which Y-EMEA is a member of, a working group is drafting general warranty terms that are meant to serve as a minimum standard in the contracts with OEM customers. On behalf of its members, the association is negotiating the warranty terms with the OEMs. In return for accepting them, the OEMs request a joint agreement also for specific commercial terms such as e.g. payment terms and discount schemes.*

The association's negotiations with OEMs go beyond the legitimate tasks of industry associations. Defining a general baseline for warranty terms can be permissible provided it is not binding for the association members, i.e. every supplier can deviate from the agreed standard in individual contracts with OEMs. However, associations are not entitled to negotiate any commercial terms on behalf of their members.

**6.5.2 Procedure for approval of competitor contacts**



In principle, contacts in relation to business transactions with competitors (e.g. procurement and sales agreements, contractual agreements involving R&D or standardisation) are not forbidden.

However, some categories of competitor contacts require a **prior approval** as set out below due to an increased risk exposure for potential violations of Competition Law:



The request for approval needs to be filed with the respective **line manager**. The current version of a template that can be used for this purpose is attached in **Annex 1<sup>1</sup>** to this Policy (documentation by email also sufficient). The requesting employee is responsible for storing the approval documentation and shall provide it to Y-EMEA Corporate Compliance upon request.

The following guiding questions should be the criteria for the line manager’s decision whether attendance shall be approved or declined:

- |   |   |  |
|---|---|--|
| <p><i>Is it appropriate to attend the meeting?</i></p>                                  |  | <ul style="list-style-type: none"> <li>▪ Clear meeting purpose</li> <li>▪ Necessity of the meeting</li> <li>▪ Expected attendees</li> <li>▪ other aspects</li> </ul>   |
| <p><i>Are the persons who apply for attendance on behalf of Yazaki appropriate?</i></p> |  | <ul style="list-style-type: none"> <li>▪ Do the topics of the meeting fall into their responsibility?</li> <li>▪ Are the persons aware of the Competition Law risks? Did they attend a Competition Law training?</li> <li>▪ <b>Recommendation:</b> have at least two persons attend meetings if the Competition Law risk is considered high (e.g. meetings with only competitors)</li> </ul> |


<sup>1</sup> Updates of Annex 1 are subject to professional discretion of the Corporate Compliance Department.

*Are there objective indications that the purpose or the content of the meeting could be contrary to Competition Law?*



- Critical topics on meeting agenda
- Experiences from previous meetings with the same attendees
- **No approval** if there are indications of anti-competitive purpose/content

After the meeting, the Yazaki employees who attended the meeting, are requested to

 **Check the meeting minutes** for potentially misleading wording or incompleteness (see above 6.5.1)

- It is important to keep all records of any contact with competitors to prove that no competition violation has taken place.

In case of any indications of a (potential) Competition Law infringement in the context of the meeting:





**Inform their line manager**



**Take record of what happened**



**Inform Y-EMEA Corporate Compliance**

In case of uncertainty, always ask Y-EMEA Corporate Compliance  
 +49 221 292 880 70  [compliance@yazaki-europe.com](mailto:compliance@yazaki-europe.com)

### 6.5.3 Private contacts with competitors







Please be aware that Yazaki has a **zero-tolerance policy** for private contacts with competitors on Yazaki or competitor premises. You are expected to keep private contacts with competitors' employees strictly separate from Yazaki business. This means that any private contacts or meetings with competitors' employees on Yazaki or competitor premises are strictly prohibited.

Violations of these rules will not be tolerated and may have severe consequences including employment related sanctions.

### 6.6 STRATEGIC CO-OPERATIONS WITH COMPETITORS

Strategic co-operations between Yazaki and competitors, no matter whether on a contractual basis or as part of a permanent or ad hoc practice, need to be carefully reviewed and approved by Y-EMEA Corporate Compliance prior to implementation.

Strategic co-operations with competitors include, in particular:

-  **Standardisation initiatives**
-  **Research & Development co-operations**
-  **Purchasing/Sales co-operations**
-  **Sub-contracting**

Strategic co-operations always require assessment and approval by  
Y-EMEA Corporate Compliance

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### 6.6.1 Standardisation initiatives

Competition Authorities usually consider standardisation initiatives as **pro-competitive** since they can inter alia encourage the development of new and improved products and better supply conditions for the ultimate benefit of consumers.

However, standard setting has, depending on the setup and framework, also the potential to restrict competition by restricting price competition and limiting or controlling production, markets, innovation or technical development.

Therefore, any participation of Yazaki in standardisation co-operations must be approved beforehand by Y-EMEA Corporate Compliance and should be closely monitored to ensure Competition Law compliance.

#### **Example Case 5 – Standard setting**

*Yazaki is invited to join a meeting with several other automotive suppliers and German OEMs, which is hosted by a university research institute. The idea is to develop standards for the automation of the wire harness production, which is intended to be defined as a DIN standard. The invitation is sent to selected suppliers of German OEMs only. The participants are asked to sign an “exclusivity agreement”, stating that the drafts and joint work products are shared with members of the initial working group only. Access for additional parties is provided only upon unanimous approval of the members and requires the payment of an admission fee.*

The exclusion of certain market players from the standardisation initiative by discretion of the initial members is a violation of Competition Law. Participation in a standardisation process and access to related results / documentation must be available to all affected stakeholders at non-discriminatory terms. The risk of keeping such initiatives exclusive is, inter alia, that standards are defined according to the members’ capabilities only and other competitors will not have the chance to meet these standards.

The general Dos & Don’ts regarding the development and use of standard terms are summarized below:

Do	Don't
Ensure that all stakeholders in the market or markets affected by the standard are allowed to participate and inform themselves about the standard-setting process and its results in a <b>transparent</b> and <b>non-discriminatory</b> manner.	Obstruct effective access of certain competitors to the standard setting process and/or the results of the standardisation process or granting access only under discriminatory conditions (e. g. by charging excessive licence fees).
Allow for the <b>individual development</b> of non-compliant products and competitive standards.	Put pressure (being it legal or factual) on third parties not to market products that do not comply with the standard or hinder the development of new products by excluding them from a standard.
Limit standardisation agreements to what is particularly <b>necessary</b> .	Go beyond the strictly necessary level, regarding the subject and the framework of standardisation, i.e. do not collude with competitors on relevant competitive parameters, do not enter into any agreement or concerted practice reducing competition on the relevant market (e.g. by exchanging competitively sensitive information).
<u>For standards based on intellectual property (IP) rights:</u> provide an irrevocable commitment in writing to offer to licence the essential intellectual property rights to all third parties on fair, reasonable and non-discriminatory terms (so-called <b>FRAND terms</b> )	Control the relevant product market (e. g. by refusing to grant licences to necessary IP rights or by charging excessive fees).

### 6.6.2 Research & Development co-operations

Research and development (“R&D”) co-operations mostly concern the (1) outsourcing of certain R&D services, (2) joint improvement of existing technologies or (3) collaboration in researching, developing, and marketing of entirely new goods and services.

The competition law risk exposure is different depending on whether the R&D co-operation takes place between **competitors** or **non-competitors**:

- **R&D agreements between non-competitors** generally do not show a high exposure for competition law violations. However, if Yazaki is part of an R&D co-operation with a non-competing company and if the agreement also covers the joint exploitation of the contract products, **please contact Y-EMEA Corporate Compliance**
- **R&D agreements between competitors** may easily result in competition law violations. Therefore, a detailed risk assessment and setup of precise contract conditions in co-operation with **Y-EMEA Corporate Compliance** is always **required**.

## Conditions for R&D co-operations with competitors



### **Non-disclosure agreement (NDA)**

The agreement of a proper NDA is the first step before entering into any kind of negotiations with the potential R&D partner -> ask Y-EMEA Legal for templates.



### **Market share**

The combined market share of the parties does not exceed 25 % on the relevant market(s) in the European Economic Area (EEA) at the time the agreement is entered into.

If you notice a strong increase of the parties' market share following the start of the co-operation, ensure Y-EMEA Corporate Compliance gets involved and has the chance to review the co-operation.



### **Access to results**

Except in case of specialization in the context of exploitation, each party must have access to the results of the joint R&D or paid-for R&D.



### **Exploitation**

Except in case of specialisation in the context of exploitation, each party must have the opportunity to exploit and market any of the results of the joint R&D.



### **Joint Exploitation**

Any joint exploitation may only relate to results which are protected IP rights or constitute know-how and which are indispensable for the manufacture of the contract products or the application of the contract technologies.

In case of joint exploitation of the results of the R&D co-operation, ensure that the co-operation does not lead to any form of collusion in terms of illegitimate customer and/or market allocation or joint pricing.



### **Know-How**

Each party needs to have access to pre-existing know-how which is indispensable for exploitation of the results of the R&D. The access may be compensated but should not be so high as to effectively impede such access.



### **Freedom of individual R&D projects**




The parties must be free to carry out R&D independently or in co-operation with third parties in a field unconnected with that to which the R&D agreement relates or after completion of the R&D in any area.

### 6.6.3 Purchasing / Sales co-operations

Regarding purchasing or sales agreements with competitors it is important to differentiate between (1) operational purchase and sales contracts in the course of day-to-day business, and (2) strategic co-operations in relation to purchase or sales activities.

#### 6.6.3.1 Purchase from / sales to competitors




Purchasing from or selling to competitors in the course of day-to-day business is not prohibited by Competition Law. In fact, it is not unusual and not exclusive to the automotive industry that customers and suppliers are at the same time competitors. This is particularly the case for vertically integrated companies like Yazaki (see also above section 6.4.2.1). The following aspects are to be taken into account:

-  **NDA:** As for every contract relationship Yazaki is entering, the agreement of a non-disclosure agreement (NDA) is required **before** exchanging any sensitive information such as prices, cost breakdowns etc. For NDA templates, please contact Y-EMEA Legal.
-  Strict **Need to Know** approach: any exchange of information must be strictly limited to what is necessary for the actual contract (e.g. prices only for the purchased/sold products)
-  **Internal protection of CSI:** Competitively sensitive information (CSI) that Yazaki receives from competitors in relation to legitimate purchase or sales contracts, are to be protected internally against undue exchange (see above 6.4.2.1).

#### 6.6.3.2 Commercial co-operations

Agreements between competitors regarding the **joint production and commercialisation of their goods and services** as well as **joint purchasing** agreements are normally **prohibited** because they have the potential to result in anti-competitive effects such as price fixing, market allocation, output limitations, or exchange of competitively sensitive information.

However, under certain circumstances, such agreements can be **exceptionally permissible** if the parties' joint activities create **efficiency gains for the ultimate benefit of consumers** (e.g. in the form of lower prices).

-  A **joint production agreement** may be allowed if it enables the parties to produce a new good which they are not able to produce individually.
-  A **joint purchase agreement** may be permissible if it allows parties to achieve better prices and conditions due to higher volumes, provided that these efficiencies are passed on to the end customers.
-  A joint **commercialisation agreement** may be permissible under very restrictive conditions, for instance, when it is objectively necessary in order to allow a party to enter a market that it could not have entered independently.

Whether an exception applies or not is largely dependent on the market share of the parties on the relevant procurement and the sales markets.

### “Rule of Thumb” for commercial co-operations

If the combined market share of the parties on the relevant procurement market and the sales market is **below 15%**, it is likely that such agreements are in line with competition law, provided that

- the efficiencies are passed on to the end-customers, and
- no anti-competitive effects arise from the co-operation, i.e.
  - € No collusion whatsoever on sales prices;
  - 👥 No collusion whatsoever on customer or market allocation;
  - 📏 No collusion whatsoever on production, capacity or output restriction;
  - 🗉 Strict need-to-know approach regarding information exchange

**The higher the combined market share, the lower the possibility that such an agreement is in line with Competition Law.**

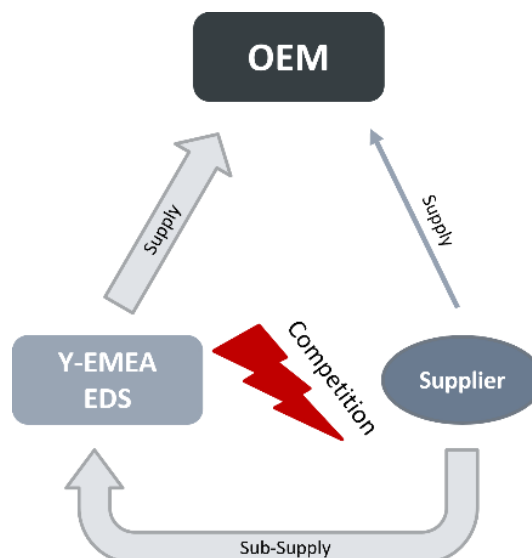
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#### 6.6.4 Sub-contracting

In general, it is permitted to use (potential) competitors as sub-contractors **for projects that Yazaki is not able to realize independently**. This might be due to limited capacities, a lack of the required equipment or know-how, or for logistic reasons. However, any sub-supply relationship inherits a certain Competition Law risk due to the fact that competitors are co-operating on the sales side and, depending on the actual setup, also on the purchase side and some degree of information exchange is indispensable for a successful sub-contractor relationship.



### Rules for sub-contractor agreements



#### Non-disclosure agreement (NDA)

The agreement of a proper NDA is the first step before entering into any kind of negotiations with the potential sub-contractor -> ask Y-EMEA Legal for templates.



#### Lack of ability

Yazaki is **objectively** lacking the ability to carry out the respective project on its own. This can be due to limited capacities, logistic restraints, lack of equipment, lack of qualified personnel or know-how etc.



#### Need-to-know

A strict project-related need-to-know approach applies to the exchange of information between the parties. Only information that is indispensable for the success of the co-operation may be shared (e.g. prices and cost-breakdowns only for project-related parts)



#### Bilateral negotiations

Contracts and negotiations with OEMs on the one hand and sub-contractors on the other hand must be kept strictly bilateral; no joint meetings/negotiations and no circumvention of the main supplier



#### Customer protection

No restriction of sub-contractors' participation in future RfQs; only active approach of the OEM hosting the current project by the sub-contractor can be prohibited (active customer protection clause). Passive approaches (i.e. approaches of the OEM to sub-contractor) cannot be restricted

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## 6.7 SPECIAL FOCUS: HR-RELATED RESTRAINTS

One of the top priorities in recent cartel investigations of Competition Authorities are HR-related Competition Law restraints. In the past, it had been argued that there is no need for Competition Law regulation in HR topics, because labour markets are already regulated by labour law, workers' rights are protected by labour unions, and any restraints apparently do not cause consumer harm.

However, several Competition Authorities have recently picked up HR-related topics. One of the reasons is apparently that restraint practices in labour markets have had increasing economic impact due to shortage of qualified talents in many industries ("war for talents"). In May 2024, the European Commission has published the Policy Brief "Antitrust in Labour Markets", which demonstrates the Compliance relevance of the topic.

The following HR-related practices, have been considered Violations and are under the spotlight of Competition Authorities:



### Wage fixing

Agreement of employers to fix or limit wages or other types of compensation or benefits.



### No-poach agreements

Agreement to not poach other companies' employees. This might apply to active and passive engagement of another company's employees ("no-hire) or be limited to active approaches only ("no-solicitation", "no cold-calling")



### Information Exchange

Exchanges of competitively sensitive information in relation to employees (e.g. wages, benefits, compensations, contract conditions, etc.) and/or the HR strategy (e.g. resource planning, wage schemes, planned wage increased etc.)

Wage fixing and no-poach agreements impose direct harm on employees because their wages and their ability to switch employers are depressed. At the same time, the mentioned practices are restricting competition on the market for qualified employees. **No-poach agreements and wage fixing prevent the efficient allocation of productive employees to productive firms** by eliminating incentives for employers to act competitively.

With regard to the protection of employees, individual agreements in employment contracts can under certain circumstances be legitimate. This may apply, for instance, to an agreement of a minimum employment time after an apprenticeship to compensate the employer for the costs thereof.

#### ***Example Case 6 – Employee protection***

*Y-EMEA HR is attending an HR symposium for employment trends in the automotive industry. During an exchange on the current market situation, companies are complaining about the shortage of skilled engineers in some countries. One participant suggests an industry-wide "common sense approach" to ensure that engineers in such countries are not actively approached by other companies.*

The proposal should be refused immediately by Y-EMEA representatives. Also, non-binding "gentlemen's agreements" that aim at restricting competition on the labour market are a violation of Competition Law.

## 7 CONTACTS WITH SUPPLIERS AND CUSTOMERS – VERTICAL RESTRAINTS

Vertical Restraints mean any restriction of competition in agreements between companies or individuals at different levels of the supply chain. This may either be suppliers or customers or intermediaries such as distributors, agents, advisors.

Most agreements arranging for an exclusive supply, purchasing or distribution relationship between a supplier and a distributor are considered compatible with Competition Law if the individual market shares of the supplier and the distributor on the respective purchasing and selling markets do not exceed 30% respectively.

However, certain agreements / behaviours are always forbidden, irrespective of the parties' market share. Below table gives an overview of allowed and prohibited vertical agreements:

Allowed agreements	Prohibited restraints
Non-binding <b>resale price recommendations</b> without applying pressure or incentive for adhering to same	<b>Fixed or minimum resale prices</b> or applying pressure or control mechanisms to enforce “recommended” prices
<b>Restriction of active sales</b> from resellers into territories or to customers which are exclusively reserved to the supplier (manufacturer) or other resellers	<b>Restriction of passive sales</b> by forbidding a re-seller to serve requests from customers
Setup of a <b>selective distribution system</b> which only allows authorised distributors to sell the respective products, provided that the authorised distributors are selected based on non-discriminatory criteria	Setup of an <b>improper selective distribution system</b> , i.e. by restricting cross-supplies between authorised distributors
	Binding a distributor or customer exclusively for more than five years by one contract ( <b>single branding/non-compete</b> )
	<b>Exclusive supply</b> agreements that oblige the supplier to sell particular products or services only or mainly to one buyer

For Y-EMEA as a manufacturer of wire harnesses and automotive components, the most relevant practice from above list is probably entering into single branding/non-compete agreements. Contract clauses that require Y-EMEA to purchase particular products or services exclusively or to a considerable amount from a certain supplier can, depending on the circumstances, be a violation of Competition Law and should be assessed by Y-EMEA Corporate Compliance.

## 7.1 COMPETITION RESTRICTIONS TRIGGERED BY CUSTOMERS

It is a particularity of the automotive industry that the OEM customers are having considerable buyer power, which they try to exercise in different ways. It is crucial though, that despite the pressure from OEMs, Y-EMEA as a supplier remains compliant with Competition Law rules.

### 7.1.1 OEM Exercise of economic pressure

The approach of OEMs in the procurement process, in particular in "global sourcing" might confront you with multiple challenges for example: (i) lack of planning security, (ii) transfer of material price increases from the OEM to Yazaki or (iii) annual price reduction requests by the OEM.

However, **pressure by companies even one with a strong market position does not justify committing Competition Law Violations!**



- You are not allowed under any circumstances to resort to “self-defence” and collude with competitors to get a “level-playing field”.

- Even if an OEM calls on you to co-operate with a competitor in a way that would violate competition law or even threatens to boycott you if you do not, Competition Law does not justify such behaviour.

**Economic pressure is no excuse for violating Competition Law!**

**Y-EMEA has zero-tolerance for Competition Law Violations  
irrespective of the circumstances**

### 7.1.2 Open book negotiations

In some situations, the OEM might inform you about your competitor’s price and / or other sales conditions in order to induce you to improve your offer (“**open book negotiation**”). This might cause the feeling that the customer is playing you and your competitor off against each other.



However, this is **under no circumstances an excuse to collude with the competitor** to get a “level playing field”. In particular, it is strictly forbidden to agree or concert with your competitor on a minimum price/pricing level in such a situation as this would be a clear violation of Competition Law.

Any request from OEMs to provide details on Y-EMEA’s purchase prices for parts/components that Y-EMEA procures from Tier x suppliers, should also be refused. First, this is not in the economic interest of Y-EMEA because, based on this information, the OEM will be able to recalculate our margin. Second, Y-EMEA is potentially violating confidentiality agreements, which are in place with the Tier x suppliers. Exceptions to this rule might apply in directed buy constellations (see below 7.2).

**Please forward requests for open book negotiations from business partners to  
Corporate Compliance for a case-by-case check**

 +49 221 292 880 70

 [compliance@yazaki-europe.com](mailto:compliance@yazaki-europe.com)

### 7.1.3 Quotas fixed by OEM

It is a common purchasing strategy of OEMs to assign quantities among its suppliers (“**multiple sourcing**”).






Supplying in line with the OEM determined quota as such is not a Violation. By contrast, they are **no excuse to agree or concert with your competitor on any quotas or supply quantities**. Such a behaviour would be a market allocation and thus a clear violation of competition law.

## 7.2 DIRECTED BUY

“**Directed buy**” means that a customer (typically the OEM) requests a direct supplier (e.g. Tier 1) to purchase certain raw materials, parts or components from a specific sub-supplier (e.g. Tier 2) to integrate these into the product of the direct supplier. In many cases, but not always, the OEM also sets the price for the respective parts or components (sometimes in direct negotiation with the respective sub-supplier).

Directed buy is a common practice in the automotive industry. However, if the direct supplier and the sub-supplier are competitors’ careful consideration of Competition Law is required.

-  Exchange of strategic/competitively sensitive data (prices, technical specifications, costs capacities etc.) between suppliers must be strictly limited to what is indispensable for the project (“**need to know**”).
-  Internal safeguards for project-related strategic information, i.e. access limited to Y-EMEA employees who are assigned to the respective project; no internal sharing of strategic information with colleagues who are not involved in the project.
-  No restriction of the direct supplier to offer the purchased or competing parts/components at a lower price than the directed price to the OEM.

### 7.3 SHARED WORKSPACES AT CUSTOMERS PREMISES

Some Y-EMEA employees are working as “Resident Engineers” for quality, development or launch activities at customers’ premises. There, they are often permanently or temporarily sharing offices or work in open-spaces areas or similar work environments with competitors, who are also assigned to customers’ projects.





Sharing an office with a competitor might increase the practical risk for collusion with competitors, even if this just occurs inadvertently through an exchange of competitively sensitive information (e.g. via listening to phone calls, etc.).



It is therefore of major importance **not to communicate** about significant competitive parameters and **not to agree** on any of these or even give the false impression of such an agreement, if you work side by side with or close competitors at customers premises.

**Working next to a competitor is no excuse to communicate with the competitor about ongoing work or any other competitive significant parameter!**

Please keep the following instructions in mind when sharing workspaces with competitors:

-  Do not openly talk about strategic/competitively sensitive information when competitor employees are present.
-  For phone calls/Teams meetings on sensitive topics, find a room where you can speak without being overheard by competitor employees.
-  Do not leave any paper documents containing strategic/competitively sensitive information on your table or at another publicly accessible place. In any case, confidential documents must be labelled accordingly.
-  Always lock your screen when leaving the computer.

## 8 FURTHER RULES TO COMPLY WITH

Apart from the prohibitions of horizontal and vertical restraints, Competition Law also comprises rules against the Abuse of Dominance and regulations on merger control requirements concerning M&A activities.

### 8.1 ABUSE OF DOMINANT MARKET POSITION


A company that holds a so-called Dominant Market Position for certain products sold or purchased, is subject to specific rules under Competition Law. Such companies are by law

restricted in their market behaviour because their strong position would otherwise allow them to determine business parameters (e.g. prices) more or less independently from competitive pressure.

The definition of market dominance depends in detail on the respective applicable Competition Law. Under EU Competition Law, the **market share** is the most important indicator of market power. The higher the market share, the more likely it is that a dominant position will exist. Competition Authorities usually consider a dominant position if a company has a market share of at least 30 %. If the market share is above 40 % a Dominant Market Position is highly likely.

In order to calculate the market share, however, the first step is always to define the relevant **product market** and the relevant **geographic market**. As an example, the European Commission has decided that the (product) market for wire harnesses is at least European-wide, possibly even wider in scope (geographic market).





For questions about market position and business practices of Y-EMEA or its business partners, please contact Y-EMEA Corporate Compliance

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The following non-exhaustive list shows the most relevant misuses of market power that must be avoided:

**Abusive practices in Distribution:**

-  Margin squeeze *Selling below cost price and variable costs to eliminate competition*
-  Customer discrimination *Direct or indirect unequal treatment of customers without objective reason (refusal to supply, different prices etc.)*
-  Exclusivity agreements *Enforcing exclusivity clauses in the market, which impedes market access and reduces necessary resources for competitors*
-  Abusive discounts *Discount schemes that provide incentives based on the total purchasing value or entire need of a customer ("pulling effect")*
-  Bundling *Obligation to purchase the market-dominant product together with other products that are not related or necessary*
-  License refusal *Refusal to provide licenses for standard-essential intellectual property rights (e.g. patents)*

**Abusive practices in Procurement**

-  Supplier discrimination *Direct or indirect unequal treatment of suppliers without objective reasons (de-listing, commercial terms etc.)*
-  Tapping *Putting depending suppliers at an improper disadvantage, i.e. request unfairly favorable terms if supplier cannot reasonably switch to other customers*
-  Exclusive supply *Requesting dependent suppliers not to supply competitors or to always apply most favorable conditions to dominant customer*

**Example Case 7 – Abuse of market dominance**

For its new production plant in Egypt, Y-EMEA is looking for a logistics partner. The by far largest service provider in the region with more than 40% has a good price, but requests Y-EMEA to sign a 10 year contract with a commitment to also switch Y-EMEA's logistics in Tunisia to this provider.

The contract term of 10 years and the request to extend the service agreement to another Y-EMEA plant, is an abuse of the service provider's dominant position.

**8.2 MERGER CONTROL**

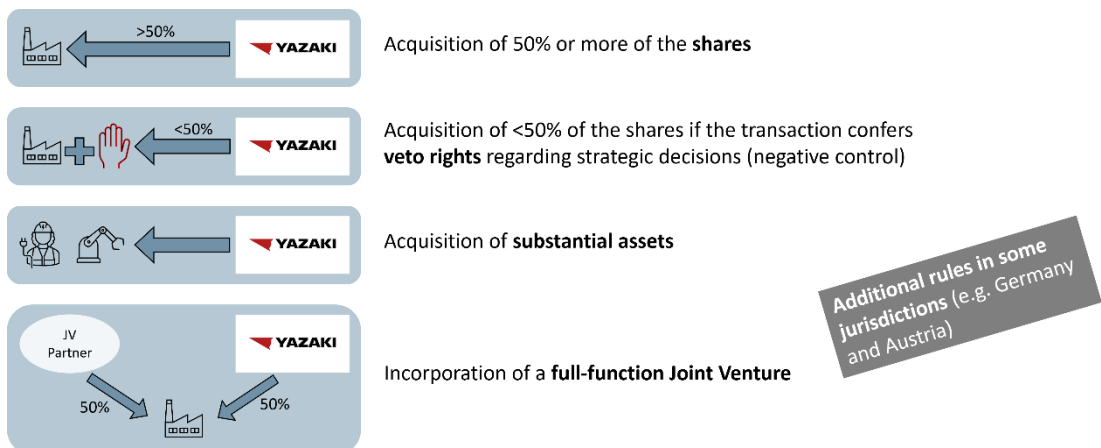
**8.2.1 Subject**

The term “Merger Control” refers to the procedure of reviewing mergers and acquisitions and the incorporation of joint ventures under Competition Law by the competent Competition Authorities.

Merger control regimes aim at preventing anti-competitive consequences of mergers and acquisitions. Over 130 jurisdictions worldwide have adopted merger control regimes. In addition to national Competition Authorities, there are also supranational Authorities like the European Commission or the East Africa Community Competition Authority (EACA).

Whether a given transaction requires an application for merger control clearance with one or more Competition Authorities (merger filing), must be assessed on a case-by-case basis. In most jurisdictions, the application of merger control rules depends on statutory **turnover (and/or market share) thresholds** and the **structure** of the proposed transaction.

The term “transaction” must be understood very broadly. The following types of transactions can be subject to merger control (provided that the relevant thresholds are met):



Under certain circumstances, also **long-lasting co-operations** can trigger merger control filing requirements!

Turnover (and/or market share thresholds) are different in every jurisdiction and have to be carefully assessed and checked by competent competition lawyers.

**Before entering into any agreement on mergers or acquisitions always consult both  
Y-EMEA Legal and Y-EMEA Corporate Compliance!**

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### 8.2.2 „Gun jumping“

A Transaction that is subject to merger control in one or more jurisdictions, must not be implemented before the final clearance by all competent Competition Authorities. It is equally prohibited to influence the competitive behaviour of the target or coordinate on the same before merger clearance has been obtained. This prohibition applies not only to the negotiation phase, but also to the period between signing and closing (**gun-jumping**).

**Fines for gun-jumping can be up to  
10% of the annual group turnover of a company!**




As a general rule, all activities that (partly) anticipate the effects of the merger or that would require retroactive unbundling in case of prohibition by the competition authority, are **not allowed**. This can include, for instance, the takeover of the target company's management, integration/re-location of staff into acquirer's organization, joint marketing or customer approach etc. **Basically, the parties must continue to act independently from one another from the start of the merger negotiations until its final clearance.**

However, mere internal steps for the preparation of the implementation of the merger are legitimate. This can include, for example, preparation of communication strategy towards employees, customers and suppliers, preparation of future business strategy, preparation of post-merger marketing and brand strategy etc.


For details about the requirements in relation to merger control, please refer to the [Guidelines on Merger Control and Gun Jumping](#), which are available on the Y-EMEA Corporate Compliance intranet page or contact the Compliance Department.

## 9 CONTACT

In case of any questions, issues or uncertainties in relation to Competition Law, please contact Y-EMEA Corporate Compliance:

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## 10 WHISTLEBLOWING

In line with the *Y-EMEA Group Policy on Handling of Reports and Investigations of Violations* (“Whistleblowing Policy”) any Y-EMEA Member may report concerns on (potential) violations of the law or Y-EMEA internal regulations to the **Yazaki EMEA Speak-Up Line**, which is available through the Y-EMEA Corporate Compliance intranet page:

<https://yazaki.sharepoint.com/sites/LegalCompliance/SitePages/Compliance.aspx>



**YAZAKI EMEA SPEAK-UP LINE**

- 24 hours a day
- 7 days a week
- confidential and protected
- report by disclosing your identity or anonymously
- available in all YEMEA languages